

**MAPLE PEAK INVESTMENTS INC.**

**FINANCIAL STATEMENTS**

**April 30, 2022 and 2021**

## Management's Responsibility for Financial Reporting

To the Shareholders of Maple Peak Investments Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

July 12, 2022

"Samuel Yuen-Wai Tsang"  
Samuel Yuen-Wai Tsang, CFO

"Dennis Chi-Wai Tam"  
Dennis Chi-Wai Tam, CEO



## Independent Auditor's Report

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To the Shareholders of Maple Peak Investments Inc.:

### Opinion

We have audited the financial statements of Maple Peak Investments Inc. (the "Company"), which comprise the statements of financial position as at April 30, 2022 and April 30, 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and April 30, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis;

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jian-Kun Xu.

Vancouver, British Columbia

July 12, 2022

*MNP* **LLP**  
Chartered Professional Accountants

**MAPLE PEAK INVESTMENTS INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**EXPRESSED IN CANADIAN DOLLARS**  
**AS AT APRIL 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 1,702,175	\$ 2,149,820
Other receivables	1,823	112
Prepaid expenses	3,640	3,640
	<u>1,707,638</u>	<u>2,153,572</u>
<b>Investments (Note 4)</b>	<u>1,615,031</u>	<u>3,881,314</u>
<b>Total Assets</b>	<u>\$ 3,322,669</u>	<u>\$ 6,034,886</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ <u>97,798</u>	\$ <u>261,854</u>
<b>Total Liabilities</b>	<u>97,798</u>	<u>261,854</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	8,192,331	8,192,331
Reserve	558,842	558,842
Accumulated other comprehensive income (loss)	(850,875)	1,192,709
Deficit	<u>(4,675,427)</u>	<u>(4,170,850)</u>
	<u>3,224,871</u>	<u>5,773,032</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 3,322,669</u>	<u>\$ 6,034,886</u>

**Approved and authorized by the Board:**

*"Thurman Tat Hong So"*

Thurman Tat Hong So, Director

*"Dennis Chi-Wai Tam"*

Dennis Chi-Wai Tam, Director

The accompanying notes are an integral part of these financial statements.

**MAPLE PEAK INVESTMENTS INC.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED APRIL 30, 2022 and 2021**  
**EXPRESSED IN CANADIAN DOLLARS**

	2022	2021
<b>OPERATING EXPENSES</b>		
Accounting and legal fees	\$ 37,475	\$ 47,104
Bank charges	840	625
Director fee (Note 9)	279,677	279,663
Meals and entertainment	454	1,160
Miscellaneous	10	1,327
Salaries and wages (Note 9)	-	605,000
Transfer agent and filing fees	10,931	15,486
	<u>329,387</u>	<u>950,365</u>
<b>OTHER INCOME (LOSS)</b>		
Dividend income (Note 9)	-	8,144
Interest income	5,869	12,129
	<u>5,869</u>	<u>20,273</u>
<b>Net loss before income tax</b>	(323,518)	(930,092)
Income tax expense	181,059	22,966
<b>Net loss for the year</b>	(504,577)	(953,058)
<b>OTHER COMPREHENSIVE LOSS</b>		
Unrealized loss on investments, net of tax (Note 4) – not to be reclassified to profit or loss in subsequent periods	(2,043,584)	(147,155)
<b>Total comprehensive loss for the year</b>	\$ (2,548,161)	\$ (1,100,213)
<b>Loss per common share - Basic and Diluted</b>	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding – Basic and Diluted</b>	59,000,000	59,000,000

The accompanying notes are an integral part of these financial statements.

**MAPLE PEAK INVESTMENTS INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED APRIL 30, 2022 and 2021**  
**EXPRESSED IN CANADIAN DOLLARS (EXCEPT NUMBER OF SHARE)**

	Number of Shares	Share Capital	Reserve	Accumulated other comprehensive income (loss)	Deficit	Total
<b>Balance at April 30, 2020</b>	<b>59,000,000</b>	<b>\$ 8,192,331</b>	<b>\$ 558,842</b>	<b>\$ 1,339,864</b>	<b>\$ (3,217,792)</b>	<b>\$ 6,873,245</b>
Other comprehensive loss for the year (Note 4)	-	-	-	(147,155)	-	(147,155)
Net loss for the year	-	-	-	-	(953,058)	(953,058)
<b>Balance at April 30, 2021</b>	<b>59,000,000</b>	<b>\$ 8,192,331</b>	<b>\$ 558,842</b>	<b>\$ 1,192,709</b>	<b>\$ (4,170,850)</b>	<b>\$ 5,773,032</b>
Other comprehensive loss for the year (Note 4)	-	-	-	(2,043,584)	-	(2,043,584)
Net loss for the year	-	-	-	-	(504,577)	(504,577)
<b>Balance at April 30, 2022</b>	<b>59,000,000</b>	<b>\$ 8,192,331</b>	<b>\$ 558,842</b>	<b>\$ (850,875)</b>	<b>\$ (4,675,427)</b>	<b>\$ 3,224,871</b>

The accompanying notes are an integral part of these financial statements.

**MAPLE PEAK INVESTMENTS INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED APRIL 30, 2022 and 2021**  
**EXPRESSED IN CANADIAN DOLLARS**

	2022	2021
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (504,577)	\$ (953,058)
Item not affected by cash:		
Income tax expense	181,059	22,966
Change in non-cash working capital items:		
Account payable and accrued liabilities	(164,056)	177,759
Other receivables	(1,711)	4,956
Cash flows used in operating activities	<u>(489,285)</u>	<u>(747,377)</u>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from the disposal of investments	<u>41,640</u>	-
Cash flows provided by (used in) investing activities	<u>41,640</u>	-
<b>Decrease in cash and cash equivalents</b>	(447,645)	(747,377)
<b>Cash and cash equivalents, beginning of year</b>	<u>2,149,820</u>	<u>2,897,197</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,702,175</u>	<u>\$ 2,149,820</u>
<b><u>CASH RECEIVED</u></b>		
Interest income	\$ 4,158	\$ 16,928
Dividend income	\$ -	\$ 8,144

The accompanying notes are an integral part of these financial statements.

## **1. NATURE OF OPERATIONS**

Maple Peak Investments Inc. (the “Company” or “Maple Peak”) was incorporated under the Business Corporations Act (British Columbia) on February 7, 2013 and classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The Company’s common shares were listed and called for trading on the TSX-V on October 1, 2014.

On July 13, 2016, the Company completed its QT and became a Tier 2 Investment Issuer through the acquisition of such number common shares (“Melco Shares”) of Melco International Development Ltd. (“Melco”) equal to \$2,377,461 (such acquisition, the “Melco Investment”) and such number of common shares (“Loto Shares”) of Loto Interactive Ltd. (formerly MelcoLot Limited) (“Loto”) equal to \$125,000 (such acquisition, the “Loto Investment”). The Melco Investment and the Loto Investment (together, the “Transactions”) were to collectively constitute the Company’s QT. The common shares of the Company commenced trading on the Exchange as a non-“Capital Pool Company” on July 14, 2016 under the trading symbol MAP, and continued in the business of a public gaming focused investment corporation with its primary focus being to seek high returns by making investments in companies involving casinos, gaming and game of chance, leisure and entertainment, and resort projects. The Company adopted a set of investment policy. A key aspect of Maple Peak’s investment strategy as an investment issuer will be seeking undervalued companies backed by strong management teams and solid business models that can benefit from vast experience that the Maple Peak’s Board has in the casinos and gaming and resort operation business. Pursuant to this investment strategy, Maple Peak identified the Transactions as its initial investments.

The head office of the Company is located at 170 – 6751 Graybar Road, Richmond, British Columbia, B6W 1H3. The registered office of the Company is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. The Company does not have any subsidiaries.

The financial statements of the Company for the year ended April 30, 2022 were authorized for issue in accordance with a resolution of the directors on July 12, 2022.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which include International Accounting Standards and Interpretations (“IFRIC” and “SIC”) adopted by the International Accounting Standards Board.

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### **COVID-19**

The COVID-19 outbreak continues to have a material effect on Melco Investment. As the operations of this investment are largely based in Macau and its operations continue to be impacted by significant travel bans, restrictions and quarantine requirements imposed by the governments in Macau, Hong Kong and certain provinces in China. Given that the disruptions from the COVID-19 outbreak are ongoing, the future performance of the Melco Investment will be highly uncertain.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Significant accounting judgments, estimates and assumptions**

#### Estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements is deferred taxes.

#### *Deferred taxes*

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Fair value measurements**

The Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments have been designated as investments in equity instruments and carried at fair value with changes in fair value recognized in other comprehensive income. When the investments are disposed, cumulative unrealized gain/loss recorded in other comprehensive income is not reclassified to profit or loss.

The fair value of cash and cash equivalents, other receivables, accounts payable and accrued liabilities approximate their carrying value due to their short term to maturity.

### **Cash and cash equivalents**

Cash and cash equivalents include funds in corporate bank accounts with original maturities of 3 months or less.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Investments**

Investments in equity securities are recognised/derecognised on the date the Company commits to purchase/ sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (“FVTPL”) for which transaction costs are recognised directly in profit or loss. Please refer to Fair Value Measurements and Financial instruments under Significant Accounting Policies for basis of classification and measurement.

### **Comprehensive income**

Comprehensive income is the change in the Company’s shareholders’ equity that results from transactions and other events from other than the Company’s shareholders and includes items that would not normally be included in net earnings (loss), such as unrealized gains and losses on investments under FVTOCI. Certain gains and losses are presented in other comprehensive income until it is considered appropriate to recognize into net earnings (loss).

### **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

### **Financial instruments**

The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

- Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

- Fair value through other comprehensive income (“FVTOCI”)

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss (“FVTPL”) to present subsequent changes in FVTOCI.

- Fair value through profit or loss (“FVTPL”)

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### Financial instruments (cont'd...)

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

	<b>IFRS 9 Classification</b>
<b>Financial Assets</b>	
Cash and cash equivalents	Amortized cost
Other receivables	Amortized cost
Investments	FVTOCI
<b>Financial Liabilities</b>	
Accounts payable and accrued liabilities	Amortized cost

The Company uses an expected credit loss impairment model in accordance to IFRS 9. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

The financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

### Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that in a transaction that is not a business combination and accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Income taxes (cont'd...)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### **Adoption of new standards**

The Company did not adopt any new accounting standard changes or amendments from the fiscal year commencing from May 1, 2021 that had a material impact on the Company's financial statements.

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective. The company will evaluate the impact these standards will have on the financial statements when they are finalized.

## **3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include funds in corporate bank accounts with original maturities of 3 months or less.

Cash equivalents as of April 30, 2022 include term deposits in the amount of \$1,500,000 (2021 – \$1,700,000) with interest rate of 0.51% per annum (2021: 0.30% to 0.53%) and maturity of 98 days (2021 – 61 days to 98 days). The term deposits are redeemable at any time before maturity.

## **4. INVESTMENTS**

The fair value of the share investment as of April 30, 2022 is \$1,615,031 (2021 - \$3,881,314). The Company acquired shares issued by other companies through open market. The Company's objective is to earn above-average rate of return primarily through long-term capital appreciation and dividend income. The Company accounts for the investments at fair value at each reporting date.

During the year ended April 30, 2022, the Company disposed 353,000 Loto Shares and realized gain of \$315 (2021: \$nil).

**MAPLE PEAK INVESTMENTS INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 and 2021

**4. INVESTMENTS (cont'd...)**

The share investment is summarized as follows:

	Number of Shares	Cost to acquire \$	2022		Fair value \$
			Unrealized gain (loss) \$	Foreign exchange loss \$	
Melco	1,566,000	2,377,461	(557,941)	(204,489)	1,615,031
<b>Total</b>	<b>1,566,000</b>	<b>2,377,461</b>	<b>(557,941)</b>	<b>(204,489)</b>	<b>1,615,031</b>

	Number of Shares	Cost to acquire \$	2021		Fair value \$
			Unrealized gain (loss) \$	Foreign exchange gain (loss) \$	
Melco	1,566,000	2,377,461	1,761,618	(299,090)	3,839,989
Loto	353,000	125,000	(95,484)	11,809	41,325
<b>Total</b>		<b>2,502,461</b>	<b>1,666,134</b>	<b>(287,281)</b>	<b>3,881,314</b>

The other comprehensive loss on share investment is summarized as follows:

	2022 \$	2021 \$
Unrealized gain (loss)	(2,319,559)	234,333
Foreign exchange gain (loss) in other comprehensive loss	94,601	(404,454)
Deferred tax recovery in other comprehensive loss (Note 8)	181,059	22,966
Realized gain (loss)	315	-
<b>Other comprehensive loss on share investment, net of tax</b>	<b>(2,043,584)</b>	<b>(147,155)</b>

**5. SHARE CAPITAL**

a) Authorized share capital:

As at April 30, 2022 and 2021, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued and outstanding:

There are no share transactions during the years ended April 30, 2022 and 2021.

As at April 30, 2022 and 2021, none of common shares are held in escrow.

c) Stock option plan

The Company adopted a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares.

During the years ended April 30, 2022 and 2021, the Company granted nil options to its directors.

**5. SHARE CAPITAL (cont'd...)**

c) Stock option plan (cont'd...):

The continuity of the Company's stock options is as follows:

<b>2022</b>			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, beginning of year	5,660,000	\$ 0.10	3.55
Issued	-	-	-
<b>Balance, end of year</b>	<b>5,660,000</b>	<b>0.10</b>	<b>2.55</b>

<b>2021</b>			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, beginning of year	5,660,000	\$ 0.10	4.55
Issued	-	-	-
<b>Balance, end of year</b>	<b>5,660,000</b>	<b>0.10</b>	<b>3.55</b>

The following stock options were outstanding as at April 30, 2022 and 2021:

Expiry Date	Exercise Price	Number of Options Outstanding and Exercisable
October 1, 2024	\$0.10	5,500,000
November 1, 2028	\$0.11	160,000
<b>Balance, end of year</b>		<b>5,660,000</b>

**6. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at April 30, 2022, the Company's shareholders' equity was \$3,224,871 (2021 – \$5,773,032). The Company's objectives when managing capital is to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for expansion was mostly from proceeds from the issuance of common shares.

## **7. FINANCIAL INSTRUMENTS AND RISK**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At April 30, 2022 and 2021, the Company's financial instruments consist of cash and cash equivalents, other receivables, investments, and accounts payable and accrued liabilities. The Company classifies its cash and cash equivalents and other receivables as amortized cost, investments as FVTOCI, and accounts payable and accrued liabilities as amortized cost. The fair value of investments is based on level 1 inputs of the fair value hierarchy. The fair values of cash and cash equivalents, other receivables, other receivables and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's cash and cash equivalents are currently invested in business accounts and term deposits which are available on demand by the Company for its operations.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company invested part of the cash balance in term deposits at rate from 0.30% to 0.51% to generate interest income in order to maintain liquidity

### *Market Risk*

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to fluctuations in the market prices of its investment.

### *Foreign Currency Risk*

The Company has operations in Canada but held investment in one Hong Kong-based publicly-traded company denominated in Hong Kong dollars. Foreign currency risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate would change the Canadian dollar value of these assets by approximately \$161,503. The Company does not use derivative instruments to hedge exposure to foreign currency risk.

**7. FINANCIAL INSTRUMENTS AND RISK (cont'd...)**

*Concentration Risk*

As at April 30, 2022, all of the Company's portfolio of investments are held in one company. These investments represent 48% of the Company's total assets and poor performance in the market price of these investment could adversely affect the Company's results.

**8. INCOME TAXES**

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive income for the years ended April 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net loss before tax	(323,518)	(930,092)
Statutory tax rate	27.0%	27.0%
Expected income tax (recovery)	(87,350)	(251,125)
Change in deferred tax assets not recognized	387,615	275,799
Tax effect of accumulated other comprehensive income	(119,269)	-
Change in estimate	-	334
Non-deductible items	63	157
Non-taxable income	-	(2,199)
<b>Total income tax expense</b>	<b>181,059</b>	<b>22,966</b>
Current tax expense	-	-
Deferred tax expense	181,059	22,966
<b>Total income tax expense</b>	<b>181,059</b>	<b>22,966</b>

The movement in deferred tax assets (liabilities) during the years are as follows:

	<b>2020</b>	<b>(Charged) credited through earnings</b>	<b>(Charged) credited through other comprehensive income</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deferred tax assets (liabilities)	201,960	(20,901)	-	181,059
Non-capital loss carry forwards	2,065	(2,065)	-	-
Share issuance costs and other	(204,025)	-	22,966	(181,059)
Investments	-	(22,966)	22,966	-
<b>Net deferred tax assets (liabilities)</b>	<b>-</b>	<b>(22,966)</b>	<b>22,966</b>	<b>-</b>

**8. INCOME TAXES (cont'd...)**

	<b>2021</b>	<b>(Charged) credited through earnings</b>	<b>(Charged) credited through other comprehensive income</b>	<b>2022</b>
Deferred tax assets (liabilities)	\$	\$	\$	\$
Non-capital loss carry forwards	181,059	(181,059)	-	-
Share issuance costs and other	-	-	-	-
Investments	(181,059)	-	181,059	-
Net deferred tax assets (liabilities)	-	(181,059)	181,059	-

The unrecognized deductible temporary differences as at April 30, 2022 and 2021 are comprised of the following:

	<b>2022</b>	<b>2021</b>
	\$	\$
Non-capital loss carry-forwards	4,340,780	3,346,904
Capital loss	83,361	-
Investments	800,111	-
Total unrecognized deductible temporary differences	5,224,252	3,346,904

As at April 30, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of \$4,340,780 which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

EXPIRY	Non-capital loss
2036	79,075
2037	285,812
2038	817,771
2039	962,325
2040	927,202
2041	945,304
2042	323,291
<b>TOTAL</b>	<b>4,340,780</b>

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

The Melco Investment is considered to be a related party since a director and officer of the Company is the Chairman and CEO of Melco.

In June 2017, Melco disposed its entire interest in Loto Interactive (formerly MelcoLot) and the two common directors and officers of the Company and Loto Interactive have resigned from the board of directors of Loto Interactive on July 10, 2017. As such, Loto Interactive ceased to be a related party of the Company as of July 10, 2017.

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**9. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd...)**

During the years ended April 30, 2022 and 2021, the Company incurred the following transactions to officers or directors of the Company or companies with common directors:

	<b>Years ended April 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Director fee	279,677	279,663
Salaries and wages	-	605,000
Dividend income	-	8,144
<b>Total</b>	<b>279,677</b>	<b>892,807</b>

Included in the accounts payable and accrued liabilities as of April 30, 2022 is \$92,000 (2021 – \$257,000) of salaries and director fees payable to the Company's directors and officers.